

## REMARKS

Claims 21-34 are pending in this application. Claims 21, 23, 24, 27, 29, and 30 are amended. Claim 34 is added. Applicants submit that no new matter is added. In view of the above amendments and the following remarks, Applicants respectfully request the favorable consideration and allowance of claims 21-33.

The Examiner has rejected claims 21-33 under 35 U.S.C. § 103 as being unpatentable over Sugimoto et al. (US Patent No. 4,803,349). The Examiner takes the position that Sugimoto teaches or suggests all the features recited in claims 21-33. Applicants respectfully disagree.

Sugimoto is directed to a card read/write device having an inlet sensor disposed at a card insertion inlet, a shutter which opens in response to the detection signal from the inlet sensor, a transportation mechanism driving sensor disposed backwardly of the shutter, a card transportation mechanism disposed backwardly of the second mentioned sensor for transporting the inserted card backwardly and a card information read/write means disposed within the card transportation mechanism, characterized in that when the trailing end of the card passes past the transportation mechanism sensor in the case of returning the card, the card transporting mechanism is deactivated and when the transportation mechanism is deactivated and when the transportation mechanism driving sensor is turned on again under these conditions.

However, Sugimoto does not teach or suggest a magnetic head disposed between the card slot and the card transferring mechanism, wherein the magnetic head detects a first condition when the magnetic card is inserted from the card slot. In addition, Sugimoto does not teach or suggest that after the first condition is detected, a second condition wherein the output of the magnetic head is reduced to substantially zero or is lowered which indicative of slowing down of the magnetic card, and after the control circuit detects the second condition, the card transferring mechanism is driven to take in the card.

Although Sugimoto discloses the detection of a card, Sugimoto does not teach or suggest the detection of a magnetic head of a card. In other words, the device of Sugimoto will accept a card that is not magnetic, since Sugimoto discloses a control circuit that detects only when the sensor 3 is turned on and the sensor 5 is turned on. More specifically, since Sugimoto does not disclose any element or feature that allows the device to determine if the card is magnetic or not. In the present invention, however, as

amended in the above claims, a magnetic head is provided to determine whether a card is magnetic or not.

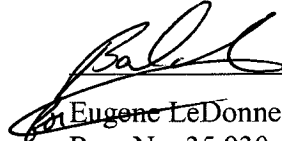
In addition, Sugimoto does not teach or suggest does not teach or suggest that the output of the magnetic head is reduced to substantially zero or is lowered which is indicative of slowing down of the magnetic card. Since Sugimoto only detects when the sensors 3 and 5 are turned on, Sugimoto does not detect the slowing down of the magnetic card. In Sugimoto, when the card is inserted slowed from the card slot, the solenoid SOL is automatically energized and as a result, the card can be passed through as it is, which can allow for the illegal reading of the magnetic card.

Thus, in view of the above amendments and distinctions, Applicants submit that Sugimoto fails to teach or suggest all the features of the claimed invention. In particular, it is submitted that Sugimoto fails to teach or suggest a magnetic head disposed between the card slot and the card transferring mechanism, wherein the magnetic head detects a first condition when the magnetic card is inserted from the card slot. Also, Sugimoto fails to teach or suggest that after the first condition is detected, a second condition wherein the output of the magnetic head is reduced to substantially zero or is lowered which indicative of slowing down of the magnetic card, and after the control circuit detects the second condition, the card transferring mechanism is driven to take in the card. Therefore, Applicants submit that Sugimoto fails to teach or suggest all the features recited in claims 21, 27, and 29.

Claims 23, 24-27, 29-33 are dependent upon claims 21, 23, 27, and 29. Therefore it is submitted that for at least the reasons mentioned above, claims 23, 24-27, 29-33 recite patentable subject matter. Accordingly, Applicants also request the withdrawal of the rejection of claims 23, 24-27, 29-33 under 35 U.S.C. 103(a).

Based upon the above amendments and remarks, applicants respectfully request reconsideration of this application and its early allowance. Should the Examiner feel that a telephone conference with applicants' attorney would expedite prosecution of this application, the Examiner is urged to contact him at the number indicated below.

Respectfully submitted,

 Reg. 50,900  
Eugene LeDonne  
Reg. No. 35,930

REED SMITH LLP  
599 Lexington Avenue  
29<sup>th</sup> Floor  
New York, NY 10022-7650  
Telephone No.:(212) 521-5402  
Facsimile No.:(212) 521-5450